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ANNEX

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*"The Press is the Palladium of our Liberties."*

*Sir James Mackintosh.*

10/6  
**Our**

**Controlled Press**

**How Public Opinion is Smothered.**

BY

**FRED. W. BELL**

**(Price Ninepence)**

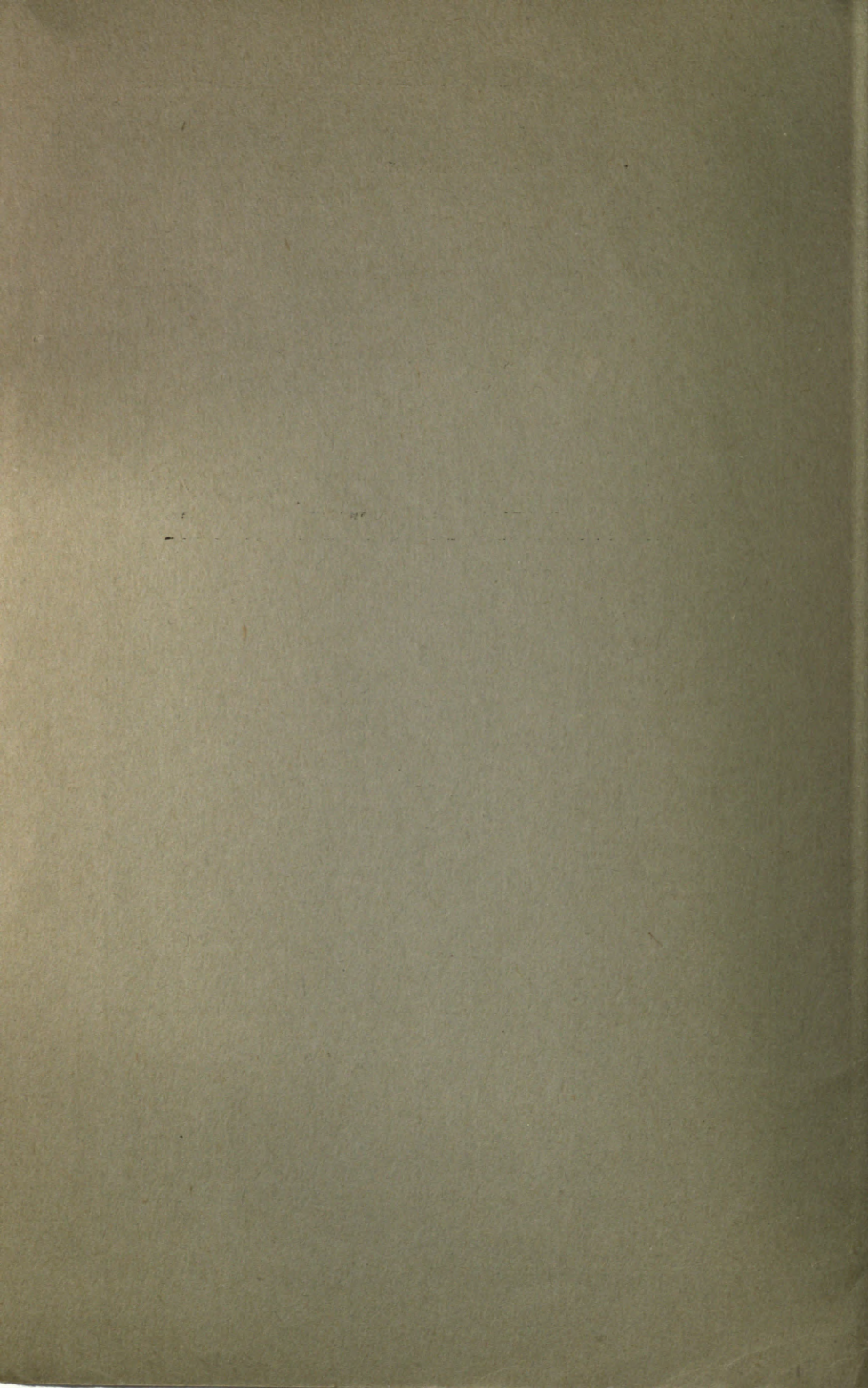
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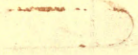
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## "THE HIDDEN HAND."

Since the matter in this pamphlet was put together the author received the January number of the "National Review" from Mr. Arthur Kitson containing an article by him entitled "Our Invisible Rulers." In this, speaking of a malevolent influence within the realm of Finance known as "Money Power," he says.—"Its agents are legion and occupy the most influential positions in the Governments, Legislatures, Press, Chambers of Commerce, Business Clubs, Universities, and Schools of Economics of all countries. They comprise statesmen, politicians, civil servants, economists, journalists, bank and insurance officials and even members of the clergy. In this country (England) they are strongly entrenched at Whitehall among our permanent officials, especially in the Treasury Department and Foreign Office. It is, however, but fair to say that in many instances these agents are quite unconscious of the fact that they form necessary links in a chain that encircles the whole world of politics, trade and industry."

Mr. Kitson absolves them from intentionally corrupt motives and indicates how they are made unconsciously to work the will of the real controllers behind them. Their strongest weapons, he says, are *false theories*.





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## Open Discussion Necessary to get at the Truth.

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In presenting the facts below recorded I have no desire to imply that any one person, or school of thought, has exclusive possession of the whole truth. But I most emphatically *do* say that the best way for any of us to attain truth is by the freest discussion and the interchange of opinions.

I welcome the hardest knocks, or the fiercest controversy, but let the forum be clear, and let the hitting be straight and clean, and no blows below the belt.

"The Eastern Province Herald" for many years has borne the imprint of the famous words at the head of this pamphlet, that "the Press is the Palladium of our Liberties." When the battle was won for freedom of expression of thought, and when the art of printing made the Press such a universal medium for its expression, an added responsibility devolved upon the Press. The existence and continuance of newspapers depend upon the patronage of the public. Privileges for cheap distribution are accorded the Press under the laws of the land. And although papers have become in very fact "organs" piping the tune of interests they are paid to support, nevertheless they still have obligations and responsibilities towards the community which concedes so much to them, and to the public without which they would cease to exist.

I believe that the examples herein recorded of the manner in which "public opinion" is "shaped" by the publication of one side of important questions, and of false doctrines, and also by the deliberate suppression of matter which should not be denied publication, will ultimately not only be of service to the public, but will be beneficial to the Press itself. For, notwithstanding the small-mindedness of some of those "drest in a little brief authority," the Press is, on the whole, "the palladium of our liberties," and anything done to strengthen the structure and to rid it of corroding tendencies should be welcomed.

## CERTAIN PRESERVES SACRED.

The danger to South Africa and to the people of the Union is that the influence of the Press on vital questions may be allowed to mar the destiny of our favoured land. And despite grumblers and pessimists, we *have* a favoured land—a glorious country with boundless possibilities. *But is must be DEVELOPED, not EXPLOITED.*

The policy followed by the Editors in charge is to allow the utmost freedom and latitude on general questions which have no bearing on certain specified interests. As it were to allow sham fights over non-essentials. So long as you steer clear of the sanctuary all is well, otherwise you must walk warily. You may scamper about the outskirts, but beware lest you tread unfettered within the precincts of the shrine. Should you trespass within the domain of Economics or Finance in a manner that may affect the profits of the exploiter and all the powerful influences of “vested interests” and “privilege” are set in motion. But in this connection it is not persons we must blame. They are but the tools. The system must be blamed. And it is a system from which the Editors, too, would fain be delivered. As it is, they have their game to play, or rather that of their masters. And the history of modern journalism shows the necessity of compliance to the requirements of those who really control. So that any concerned who may appear to have “ruffled my fur” in the execution of their duty (or in consideration of their own interests) may accept my assurance that I appreciate the difficult position in which they are placed. They have my heartfelt sympathy. I bear them no ill-will. They are veritable buffers between the “public” and “privilege.” May the time come that their position be eased.



## EXAMPLE NO. I.

On the eve of the 'Gardens' election in 1921, I wrote the following letter to the "Cape Times":—

To the Editor of the "Cape Times."

Sir,—According to newspapers Mr. Hawley is airing the time-worn "increased production" stunt. What I should like Mr. Hawley to tell us is how increased production will benefit, if what is produced is controlled by financial combinations and the price made prohibitive, or, what almost amounts to the same thing, if people have not the means to consume production—in other terms to buy what is produced.

For instance, I should like to live almost wholly on a fruit diet. We are greatly increasing our production of fruit in South Africa. But from above causes one gets very little. Will increased production help? Or under the anti-social chaotic economic system (or lack of sense or economy in our system) won't it only mean greater gain to profiteers, and possibly not even very much benefit to the producers?

The world is suffering more from "under consumption" than "under production." In other words, from the inability of the general public to get and have the means to pay for what they need. In the circumstances producing more will be like filling the window with cakes before the hungry eyes of the impecunious beggar, and will, in the end, result in national loss and more unemployment.

Yours, etc.,

'VOTER.'

Cape Town, 26th January, 1921.

On the following day a paragraph appeared in the paper as under:—

" 'Voter.'—No useful purpose would be served by publishing your letter, brimful, as it is, of economic fallacies."!!

## EXAMPLE NO. 2.

During March, 1923, Mr. Samuel Evans, one of the Public Debt Commissioners of the Union, and at the same time a salaried official of the Corner House, was afforded generous space by the "Star" newspaper, Johannesburg, to contribute articles to their excellent Annual Supplement on Finance, Commerce, and Mining. As he repeatedly referred to the "gold standard" and to "a return to the gold standard," etc., I asked that he might favour me with a precise definition of the term, so that I could know exactly what he meant. Mr. Evans, courteous gentleman I have always found him to be, replied, but somewhat evasively and not effectually. In reply to my second request for further elucidation of his meaning, he referred me to something that the American Bankers' Association had laid down as being in their opinion the "elements of an effective gold standard." I thereupon addressed the following letter to the "Star," which (like the "Cape Times") has hitherto afforded me the hospitality of their columns on many occasions during the last 30 years. Leading articles have been accepted from me by each of these papers. But no, I was, in this instance, treading on forbidden ground. So my letter was refused publication. It ran as follows:—

## MR. SAMUEL EVANS AND CURRENCY.

To the Editor of the "Star."

Sir,—Again I have to thank Mr. Evans for his replies. The issues raised by them and his two articles in the "Star" of the 14th inst. can be more adequately dealt with in another form, so I purpose touching on them in an address to the "South African Social Credit Movement," in which I will also deal with the paper Mr. Evans prepared in November, 1921, entitled "The Monetary Policy of South Africa."

I look upon this whole question from a South African viewpoint, so have no cause to quarrel with either Mr. Samuel Evans or Mr. Hirst when they dwell upon the importance of gold in relation to currency. For the same reason (although many authorities speak of the gold standard being a thing of the past, and pos-



sibly from a world point of view, and as a matter of fact rightly so), looking at things from a South African standpoint, and in view of the fact that this country is the greatest gold producer on earth, and that Act No. 31 of 1920 provides for a most substantial gold backing to our State notes, in this instance I agree with the gentlemen in the Chamber of Mines. I can, however, see much food for discussion as well as for diversion in front of us with such contradictory statements as those set forth below in parallel columns:—

"Sound money is a money the value of which depends on its cost of production. . . . The value of gold depends on its cost of production." (Mr. S. Evans, "Star," Mar. 19, 1923.)

"There is no practical solution to the exchange and currency troubles of the world other than the restoration of an effective gold standard." (Mr. S. Evans, "Star," March 14, 1923.)

"I agree with the American Bankers' Association that the elements of an effective gold standard are: (a) The instant convertibility of all forms of representative money into gold on demand." (Mr. S. Evans, "Star," March 19, 1923.)

On Saturday, Jan. 20th, one of your contemporaries published a letter in which I, incidentally, asked the question why we should, while holding the dominating control of production of gold, allow the price of the commodity to be fixed by its receivers in London. On the following Monday in all the editions of the "Star" an inspired communique appeared under heavy headlines, "Can Gold be Cornered?" and reference evidently was made to my letter, while the idea suggested by its own headlines was held up to ridicule. "Star" was sent to Mr. Kitson.

"Gold is not good money. It is a commodity and fluctuates in value. The value of an ounce of gold at the United States Mint is \$20.67 regardless of its cost of production." ("Evolution of Banking," Howe, p. 162.)

On the other hand, Mr. Evans' guest, Mr. F. Hirst, "Currency Expert" and lecturer, etc., on the 20th inst., at the University Hall, in reply to my question, said that he agreed with Mr. Gustav Cassel that the value of paper currency was determined more by the quantity issued, and the credit behind the issuer, than by its proportionate gold backing.

Mr. Kitson wrote to me under date of Feb. 20th: "What Mr. Evans and bankers define as 'sound currency' is a currency they can control, and one which enables them to juggle with prices. . . . It was paper currency that saved all the London banks in August, 1914. . . . There is not enough gold in the whole world to enable the United States alone to carry on its business on the gold basis. . . . As for the 'cornering of gold,' this has been done frequently by American and other bankers. There are 50 men in the world who can, whenever they wish, withdraw nine-tenths of all the gold from circulation."

When experts so disagree no wonder the man in the street plumps for "The Willson Scheme," a plan that will provide the Union with all its currency requirements, and at the same time relieve him of over a million pounds annually in the way of interest charges, and this all the time within the scope of the existing "Currency and Banking Act" of the Union—Law 31 of 1920. And no wonder the facts of a plain successful business man, and a disinterested authority on Finance, like Mr. Arthur Kitson is, "get home."

Yours, etc.,

FRED. W. BELL.

March 31st, 1923.

#### EXAMPLE NO. 3.

In the August, 1923, number of "The National Union of Manufacturers Journal," a forcible article appeared from the pen of Mr. Arthur Kitson, entitled "Money and Unemployment." I condensed the article in question into the limits of about a column, at the same time retaining Mr. Kitson's most striking passages. He maintained that the solution of unemployment and trade depression, etc., depended upon finding an adequate supply of legal purchasing power at all times, and that the remedies for such evils were to be found in the domain of finance. Further, that these evils *could* be remedied, but that powerful "influences" stood in the way of reform. The "Cape Times," after due consideration, refused to publish the article, the Editorial comment being: "This is pure inflation." The point is, publicity was denied, and that, apparently, discussion was feared. "The South African Review" published the article in its issue of November 2nd, 1923.

#### EXAMPLE NO. 4.

Mr. Clegg, the Governor of the Reserve Bank, in an address delivered in his capacity as President of the Institute of Bankers, Pretoria, on the 15th January last, showed unmistakably that his remarks were a

reply to recent publications issued by the "Social Credit Movement" and the "Financial Reform League." The "Cape Times" published the address under big headlines in its issues of January 22nd, 23rd and 24th. On January 27th I addressed the following covering letter to the Editor, who, in intimating that he didn't feel disposed to accept them, said: "We are against a State Bank."

Cape Town, Jan. 27, 1924.

The Editor of the "Cape Times."

Dear Sir,—I herewith enclose three articles by way of a rejoinder to the address by Mr. Clegg, which you published in three issues of your paper last week. As Mr. Clegg's remarks were so obviously a reply to the publications of the "Social Credit Movement" and the "Financial Reform League" in their advocacy of a State Bank, I think you will admit that we are entitled to reply by way of rejoinder. Anyway no excuse is necessary for ventilating both sides of a question of such concern.

Should you persist in refusing publication, which I can hardly conceive of your doing after having perused the 'copy,' please keep the MSS. for me till I call for it.

Yours faithfully,

FRED. W. BELL.

A day or two later the articles were definitely refused, and on my remarking that I considered it desirable in the public interest that both sides should be heard, the ground of objection was shifted to that of 'space.' I was, however, given the opportunity of putting my remarks into the compass of one column. Obviously many points would thus have to be excluded. It was said to me: "There's no need to bring in that about the gold standard."! Apparently too much was retained in my condensed reply, so another reason for refusal was urged. It seems to have been a case of "the greater the truth the greater the libel," and also that Mr. Wilson seemed to find a cap which tightly fitted him. It was made for general wear.



My abridged rejoinder to Mr. Clegg by direction from the Editorial chair assumed the form of a letter to the Editor. Possibly in this form relieving timidity on account of possible implied endorsement of the views expressed. The letter was as follows:—

To the Editor of the "Cape Times."

Sir,—Although denied by you space for a full rejoinder to Mr. Clegg's address to the Bankers at Pretoria, I will nevertheless avail myself of your offer of a single column for a curtailed reply. The address in question was obviously framed as an answer to the recent propaganda of the S.A. Financial Reform League, and to the recommendations put forward by that body. Let the merits of our respective claims be judged by Mr. Clegg's full address and my full rejoinder, which latter, as submitted to you a couple of days after the third instalment of Mr. Clegg's address appeared in your columns (for the benefit of those interested), will shortly appear in other guise.

Mr. Clegg speaks of the changed and more enlightened attitude of bankers since the war, but I am afraid that the same ignorance, of which he complains, still persists. Bankers are, as a rule, the product of a stereotyped system, and remain the agents of forces they mechanically work, but the aims and motives of which are obscured, and of which they are so often but dimly conscious. Mr. Clegg admits "that the old financial system is not suitable to the present condition of the world," but suggests nothing better to take its place. He stresses the fact that the science of economics concerns us most vitally and seriously at the present time, that so much depends upon economic problems before us, and that the overthrow and failure of the system, by the war, proved upon what an unstable basis everything rested. "It showed," he says, "in fact that a system of international interdependence cannot be carried out in the existing financial way so long as wars and rumours of wars still remain a probability." It is disappointing after such admissions that no alternative system or scheme is suggested for relief, as has so ably been propounded, for instance, by Major Douglas in England. Hopelessly surrendering his position, Mr. Clegg thinks it is impossible "to exorcise the evil spirit of war from the mental haunts of man-

kind, and that the world must either revert to a system of self-contained nations or find some financial machinery strong enough to support a system of international interdependence even through the stress and turbulence of war." Instead of relegating the spirit of war "to the mental haunts of men," I would assert that the root causes of war are to be found grounded in our unworkable economic and financial systems, with their inevitable necessity of export trade. "Special alliances and economic rivalries are a prolific source of plans and passions," as President Wilson said, "that produce war." It is desirable that economic and financial activities be carried on uninterruptedly, and not be disorganised; and, most important of all, that the needs of communities be supplied. Mr. Clegg does not suggest how this can be achieved. Major Douglas shows how it can be done.

Mr. Clegg admits the dangerous power of private banks to "create credit," and says that many wonder whether such a powerful weapon should remain in private hands, and then somewhat illogically tries to frighten us regarding the State Bank, this latter by assuming the inevitable necessity of party political control. The purpose of a State Bank, however, is not only for the control of "credit issues," but also to regulate "credit restriction." These powers in the hands of, and regulated by, a State Bank would minimise the power of private "credit controllers," which they exercise to subordinate Governments as well as individuals at the present day. The Government of the Union is not wholly free from such thralls.

If the people of the Union determine that they shall have a State Bank free from political interference or control, this can be done. Australia did it with even a supposedly partisan Labour Government in power. The Premier and the Treasurer-General of the Commonwealth as well as the Governor of the bank all testified emphatically that this had been effected. Mr. Clegg seems to overlook the fact that his own bank is so much of a State Bank, called into being by Parliamentary enactment, that it is capable of being extinguished in a similar manner, Governor and all! Mr. Clegg candidly admits that "he has nothing to say against the Commonwealth Bank as a bank." Mr. Burton and Mr. Leisk, each of whom have made un-

gracious, uncalled-for and unconvincing insinuations against it, might make a note of this.

Mr. Clegg, however, says: "But so far as the management is concerned it really has not up to the present been a State Bank at all, that is to say, it has not been directed, governed or managed by the State, but by its own Governor . . . . *who thus entirely withdrew the institution out of the dangers and difficulties which attend State banking.*" Thank you, Mr. Clegg! My whole case is here admitted. And that's the only way to do it. But Mr. Clegg's misleading suggestion and inference, before quoted, that the Commonwealth Bank is not a State Bank at all, cannot pass unchallenged. Sir Denison Miller, its Governor in London in 1918, publicly designated it as "the first State Bank in the British Empire." He further showed how in practice it merited that designation by having performed national services for the Commonwealth Government and for the Legislatures of the subordinate States. It floated war loans, of which 150 million pounds was subscribed at a total cost of only four shillings and sixpence for every hundred pounds received! It collects the gold won in Australia from the banks and mints. It arranged for the payment to soldiers and travellers of its legal tender currency (notes or silver) at the principal centres within the Empire free of exchange or other cost. It financed and aided the "Wheat Pool" and the "Wool Clip," and offered to finance the 22 million pounds spoken of as necessary for the unification of the railway gauge. Sir Denison Miller said: "The Bank is in an unique position in having the whole of the Commonwealth of Australia at its back. It has no capital nor has it required any, as the people themselves and their country are its security. Any profit earned really goes back to the people, as it either goes to form a reserve for their own bank or may be used to repay debts of the Commonwealth."

All the problematical and visionary things Mr. Clegg imagined the bank "might" possibly or "probably" do, or the fanciful acts of benevolence it might be induced to perform, leave me unmoved. This is a pitiable form of argument, and neither carries weight nor conviction against the accomplished facts which point contrariwise.



Mr. Clegg refers to the agitation which has been set on foot, since Sir Denison Miller's death, "to do away with the autocratic powers of the Governor of the Commonwealth Bank and to vest them in a Board of Directors," and is so simple as to infer that this is evidence of the truth that the one man control is undesirable. But his argument might equally be used to show that sectional control was desired, and was being worked for by cliques for interested aims. Mr. Clegg practically admits this himself, and confirms the fears I expressed six months ago when the agitation was first started in Australia, for he says: "When that (power transferred from Governor to a Board) is an accomplished fact, it is difficult to see how the Bank can fail to become a political institution, and so encounter all the difficulties which follow such a position." General Smuts and Mr. Burton, take note. And what about the Reserve Bank and its Board?!

Mr. Clegg makes so many admissions in agreement with our contentions (as I have shown in my rejoinder before alluded to) that one might be excused from concluding that our propaganda literature had been effective.

One important point should be noticed. Mr. Clegg rightly emphasises the obvious fact, which I am tired of repeating, that "the creation of credit unaccompanied, or rather unfollowed, by the creation of goods or services, tends always to inflation," etc. Conversely, I would add, that the destruction or restriction of credit tends in the opposite direction. Hence the necessity of this vital and powerful control being State regulated, instead of being exercised at the whim or design of interested and profit-seeking schemers. It is the absence of constructive proposals to remedy the ills he fears that, in Mr. Clegg's philosophy, is so disappointing. Major Douglas gives him "tips" in this direction. *Verb. sap.* But we must not allow Mr. Clegg or anyone else to mislead us into the belief that there is any difficulty here, or that South Africa, an undeveloped country, will be embarrassed by the abundance of capital or spending power which legitimately could be created. We can very easily show him how to find "the goods and services" that he so correctly postulates are necessary to absorb our means. Are no houses needed, nor hospitals, nor schools, roads, bridges or the innumerable public works we might

name? Total destruction of locusts—which the experts declare possible with sufficient means—I would even class as “reproductive work.” All such things as I enumerate, and others, would furnish “goods and services” required by our idle and impatient resources which would be at hand. It’s the old lesson which Mr. Jagger and Mr. Burton and others must learn. “Provide for consumption and production will take care of itself.”

I have not space here (as I have done elsewhere) to indicate the danger of this “Central Bank” idea. Such banks privately controlled present great dangers. A chain of such “Central Banks,” centrally controlled, might bound and enslave the world. South Africa can resist such entanglements, and even assume a commanding and independent position. Let us make more of our strong and unique position as the chief gold-producing country in the world. Let us by all means encourage and stimulate the purchase and use of the precious metal. But this does not necessarily imply a recognition of all that is implied by “a return to the gold standard,” a term of which it seems even Mr. Burton himself does not know the meaning.

To “return to the gold standard” is not merely to again make use of gold coin in our currency, even with convertible notes, as so many of our leading men think. And here (as I showed in the letter you, Sir, seemed too timid to publish) another great danger lies. The adoption of what scheming financiers mean by “the return to the gold standard,” may leave the world bound and chained (even though the links be of gold) in a manner few appreciate. Therefore let us insist upon a clear definition of the term, and cease this signing of blank powers.

But I fear exceeding the limit stipulated by you, so must end this necessarily incomplete reply. It is like engaging in a fight with one arm tied. One would like to say so much. Our needs are so great; our opportunities so splendid. But our country is being sacrificed and ruined by ignorant politicians and selfish financiers, and the Press has ceased to be “the palladium of our liberties.” However, thanking you for small mercies.

Yours, etc.,

FRED. W. BELL.

The above letter was refused publication, and the following letter sent to me :—

“ The Cape Times,”  
Editorial Offices,  
February 4, 1924.

Dear Mr. Bell,

I return herewith the letter which you forwarded. There are two points about it which I would bring to your notice. In the first place, it far exceeds the limits upon which we agreed. In the second place, both in the opening and concluding passages you have seen fit to use expressions which are deliberately insolent.

In the circumstances we cannot consider any further letters from you for publication.

Yours faithfully,

G. H. WILSON,  
Assistant Editor.

Disfranchised for life! And all on account of a guilty conscience, or a cap which seemed to fit. However, it's one way of silencing opposition. As Pope has it :—

“ A wit's a feather, and a chief's a rod,  
An honest man's the noblest work of God.”

I'm puzzling to think which of the three the writer of the above letter is.

P.S.—Since the receipt of the “National Review,” before alluded to, the “Spectator” of 19th January has come to hand, which throws striking light upon much in the foregoing pages. Under the heading of “Currency Reform and Intolerance,” Mr. Kitson recounted how Professors of Economics had been dismissed from their colleges at the instigation of their “Financial Supporters” on account of introducing works of his as text books for study, and how an Editor of an English weekly journal had been similarly treated



for granting him space for contributions Mr. Kitson sent him. Further, how pressure was brought to bear on the proprietor of the journal in question by his banker to refrain from publishing Mr. Kitson's views in future. As Mr. Kitson pithily says: "One wonders what there is so sacred about the so-called 'principles' of finance, as to render those who challenge them subjects of persecution! If our orthodox financial theories are based on truth, what have their upholders to fear from open discussion, and why do they do all in their power to prevent it?"

Possibly the decision not to "consider any further letters from me for publication" by the "Cape Times" was designedly arrived at to afford a pretext for the refusal to publish my correspondence with Mr. Burton, for it was no secret that this had taken place, or that in the public interest that I thought it should be reproduced in the Press.



# The South African Social Credit Movement.

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## OBJECT.

The object of the S.A. Social Credit Movement is the furtherance of the knowledge and principles embodied in what is known as "The Douglas Scheme for the Establishment of Economic and Industrial Democracy and Control of Credit Power."

ALBERT STEDMAN,  
Secretary.

P.O. Box 37, Johannesburg.



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